

**PHUTHUMA NATHI INVESTMENTS 2 (RF) LIMITED**

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2016**



**PROMINENT NOTICE**

These annual financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, 2008. Nazeer Wadee CA (SA) supervised the preparation of the annual financial statements.

**COMPANY INFORMATION**

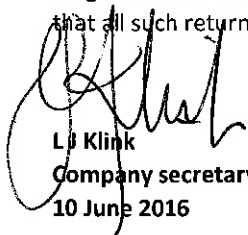
Registration number: 2006/036320/06  
Registered address: 144 Bram Fischer Drive  
Randburg  
2194  
Postal address: P O Box 1502  
Randburg  
2125  
Auditors: PricewaterhouseCoopers Inc.

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**CERTIFICATE BY THE COMPANY SECRETARY**  
for the year ended 31 March 2016

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, I, Lurica Jineanne Klink, in my capacity as company secretary of Phuthuma Nathi Investments 2 (RF) Limited, confirm that the company has, for the year ended 31 March 2016, lodged all returns and notices required of a public company with the Companies and Intellectual Property Commission, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

  
L J Klink  
Company secretary  
10 June 2016

**DIRECTORS' STATEMENT OF RESPONSIBILITY**  
for the year ended 31 March 2016

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Phuthuma Nathi Investments 2 (RF) Limited. The financial statements presented on pages 8 to 24 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The financial statements fairly present the results of operations for the year and the financial position of the company at year end in accordance with IFRS.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

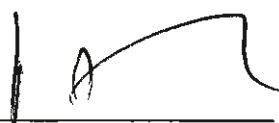
The company operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Inc. is presented on page 6 - 7.

The financial statements were approved by the board of directors on 10 June 2016 and are signed on its behalf by:

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR

As the company's only major asset is an investment in MultiChoice South Africa Holdings Proprietary Limited, the board deems it appropriate that all its members be appointed to the audit committee. The audit committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act No 71 of 2008 ("the Act").

## FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has discharged the following functions:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- Reviewed external audit reports on the annual financial statements;
- Verified the independence of the external auditors and nominated PricewaterhouseCoopers Inc. as the auditors for 2016 and noted the appointment of Ms SN Madikane as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- Approved the non-audit services provided by the external auditors.

## MEMBERS OF THE AUDIT COMMITTEE

The audit committee consists of the non-executive directors of the company. All the members act independently as described in section 94 of the Act. All committee members served on the committee for the full financial year.

Name of committee member	Qualifications
PO Goldhawk	Chartered Accountant (SA)
M Langa	Diploma in Offset Litho Printing (London College of Printing) and Certificate in Periodical Journalism (University of London)
CP Mack	LLB - University of Cape Town

## ATTENDANCE

The external auditors, in their capacity as auditors to the company, attended and reported at the meeting of the board and audit committee. Relevant managers attended meetings by invitation.

## CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the external auditors.

## INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review, the audit committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

#### EXPERTISE AND EXPERIENCE OF FINANCE FUNCTION

The committee satisfied itself that the composition, experience and skills set of the finance function met the company's requirements.

#### DISCHARGE OF RESPONSIBILITIES

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of the Act. The board concurred with this assessment.



**PO Goldhawk**  
**On behalf of the audit committee of the board**  
**10 June 2016**

### Nature of operations

Phuthuma Nathi Investments 2 (RF) Limited was incorporated on 21 Nov 2006 under the laws of the Republic of South Africa. The principal activities of Phuthuma Nathi Investments 2 (RF) Limited are to:

- a) carry on the main business of holding only MultiChoice South Africa Holdings Proprietary Limited ordinary shares, cash and such assets as are received and acquired solely by virtue of or in relation to the holding of MultiChoice South Africa Holdings Proprietary Limited ordinary shares, and
- b) receive and distribute dividends and other distributions in terms of its holding in MultiChoice South Africa Holdings Proprietary Limited.

### Operating and financial review

The financial results of the company are set out on pages 8 to 24.

### Share capital

Refer to note 3 for details of the authorised and issued share capital.

### Dividends

The board recommends that dividends of 1,925.93 cents per ordinary share be declared (2015: An ordinary dividend of 1,837.04 cents per ordinary share was declared).

### Directors, secretary and auditors

The directors of the company are listed below and the company secretary is Ms L Klink, who was appointed on 1 February 2013. The registered address and postal address for the secretary is the same as those of the company as detailed on page 1.

Name	Date last appointed	Category
CP Mack	3 September 2014	Independent, non-executive
PO Goldhawk	2 September 2015	Independent, non-executive
M Langa	4 September 2013	Independent, non-executive

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 94 of the South African Companies Act.

### Subsequent events

No events have occurred subsequent to 31 March 2016 and up to the date of signing these financial statements that have required the company to disclose or adjust the results as presented in these annual financial statements.

Signed on behalf of the board:

  
M Langa  
Chairman  
10 June 2016



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHUTHUMA NATHI INVESTMENTS 2 (RF) LIMITED

### Report on the Financial Statements

We have audited the financial statements of Phuthuma Nathi Investments 2 (RF) Limited set out on pages 8 to 24, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Directors' Responsibility for the Financial Statements*

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Phuthuma Nathi Investments 2 (RF) Limited as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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T: +27 (11) 797 4000, F: +27 (11) 797 5800, www.pwc.co.za

Chief Executive Officer: T D Shango  
Management Committee: T P Blandin de Chalais, S N Madikane, P J Mothibe, C Richardson, F Tonelli, C Volschenk  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



*Other reports required by the Companies Act*

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

*PricewaterhouseCoopers Inc.*  
PricewaterhouseCoopers Inc.  
Director: SN Madikane  
Registered Auditor  
Johannesburg  
10 June 2016



STATEMENT OF FINANCIAL POSITION  
as at 31 March 2016

	2016	2015
Notes	R'000	R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in associate	1 507 076	1 511 338
2	1 507 076	1 511 338
<b>Current assets</b>		
Other receivables	14 092	10 313
Current tax asset	969	297
Cash and cash equivalents	963	837
12	12 160	9 179
<b>Total assets</b>	1 521 168	1 521 651
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital and premium	1 508 185	1 512 533
3	225 000	225 000
Other reserves	166 940	157 891
Accumulated profit	1 116 245	1 129 642
3	1 116 245	1 129 642
<b>Non-current liabilities</b>		
Long-term liabilities	68	68
4	68	68
<b>Current liabilities</b>		
Other payables	12 915	9 050
5	12 915	9 050
<b>Total equity and liabilities</b>	1 521 168	1 521 651

The notes on pages 13 - 24 are an integral part of these annual financial statements

STATEMENT OF PROFIT OR LOSS  
for the year ended 31 March 2016

	Note	2016 R'000	2015 R'000
Operating expenses	7	(86)	(83)
<b>Operating loss</b>		<u>(86)</u>	<u>(83)</u>
Finance costs	6	-	(4 436)
Finance income	6	-	912
Share of equity accounted results of associate	2	400 023	375 936
<b>Profit before taxation</b>		<u>399 937</u>	<u>372 329</u>
Taxation	8	-	(232)
<b>Net profit for the year</b>		<u><u>399 937</u></u>	<u><u>372 097</u></u>
Earnings per share based on 22 500 000 issued shares		R 17.78	R 16.54

The notes on pages 13 - 24 are an integral part of these annual financial statements

STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 March 2016

	2016	2015
Note	R'000	R'000
<b>Net profit for the year</b>	399 937	372 097
<b>Items that may be reclassified subsequently to profit or loss</b>		
Share of changes in associate's other equity items	2      9 049	15 977
<b>Total comprehensive income for the year</b>	<u>408 986</u>	<u>388 074</u>

The notes on pages 13 - 24 are an integral part of these annual financial statements

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2016

	Share capital and premium R'000	Other reserves * R'000	Accumulated profit R'000	Total R'000
<b>Balance at 1 April 2014</b>	225 000	141 914	975 167	1 342 081
Net profit for the year	-	-	372 097	372 097
Other comprehensive income for the year	-	15 977	-	15 977
Dividend paid	-	-	(217 622)	(217 622)
<b>Balance at 31 March 2015</b>	<b>225 000</b>	<b>157 891</b>	<b>1 129 642</b>	<b>1 512 533</b>
<b>Balance at 1 April 2015</b>	225 000	157 891	1 129 642	1 512 533
Net profit for the year	-	-	399 937	399 937
Other comprehensive income for the year	-	9 049	-	9 049
Dividend paid	-	-	(413 334)	(413 334)
<b>Balance at 31 March 2016</b>	<b>225 000</b>	<b>166 940</b>	<b>1 116 245</b>	<b>1 508 185</b>

The notes on pages 13 - 24 are an integral part of these annual financial statements

\* Other reserves consist of the company's share of its associate's existing control business combination reserve, fair value reserve, foreign currency translation reserve, hedging reserve and share-based payment reserve.

STATEMENT OF CASH FLOWS  
for the year ended 31 March 2016

	2016	2015
Note	R'000	R'000
<b>Cash flow from operating activities</b>	413 696	361 197
Cash generated / (utilised in) from operations	9 362	(6 382)
Dividends received	2 413 334	366 667
Interest received - bank	6 -	912
<b>Cash utilised in financing activities</b>	(410 715)	(366 841)
Dividends paid to ordinary shareholders	13 (410 715)	(217 622)
Dividends paid on cumulative redeemable preference shares - capital	4 -	(144 783)
Dividends paid on cumulative redeemable preference shares - interest	4 -	(4 436)
<b>Movement in cash for the year</b>	2 981	(5 644)
Cash and cash equivalents at the beginning of the year	9 179	14 823
<b>Cash and cash equivalents at the end of the year</b>	12 12 160	9 9 179

The notes on pages 13 - 24 are an integral part of these annual financial statements

## 1 Summary of significant accounting policies

The annual financial statements are presented in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements. The financial statements are prepared according to the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the entity's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date as well as the reported profit or loss for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the reporting date, the actual outcome may differ from these estimates, possibly significantly.

There are no critical accounting estimates, assumptions or judgements which could materially affect the financial statements.

### 1.1 Investments in associates

Associates are all entities over which the company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the company does not recognise any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The company determines at each reporting date whether there is any objective evidence that the investment in the associate has been impaired. If this is the case, the company calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of equity accounted results of associates" in the income statement.

Profits or losses resulting from upstream and downstream transactions between the company and its associate are recognised in the company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated, unless the loss provides evidence of impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the company.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

### 1.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

### 1.3 Share capital

Ordinary shares are classified as equity.

### 1.4 Financial assets

Financial assets are recognised when the company becomes a party to the contractual provisions of the respective instrument. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the company has transferred substantially all risks and rewards of ownership.

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At 31 March 2015 and 2016, the company had no financial assets carried at fair value through profit or loss, held to maturity financial assets or available for sale financial assets.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The company's loans and receivables comprise cash and cash equivalents and other receivables.

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The company assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset that has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 1.5 Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Cumulative redeemable preference shares**

The cumulative redeemable preference shares are classified as debt. The liability is initially recorded at fair value, net of transaction costs incurred. These liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

**Other payables**

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1.6 Tax****Current tax assets and liabilities**

The tax expense for the year comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the reporting date is 28%.

**Deferred tax assets and liabilities**

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from the company's investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.



Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

There are no deferred tax assets or liabilities at 31 March 2015 and 2016.

#### 1.7 Revenue recognition

Dividend income from associates is recognised when the right to receive payment is established.

Revenue from rendering of services relates to administrative fees charged for facilitation of share transactions. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies have been resolved.

#### 1.8 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 1.9 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the entity financial statements in the period in which the dividends are approved by the company's shareholders.

**1.10 New standards and interpretations****Standards, amendments and interpretations effective and adopted in 2016**

- Amendment to the Basis of Conclusion to IFRS 1, 'First-time adoption of International Financial Reporting Standards' (effective 1 July 2014)
- Amendment to IAS 24, 'Related party disclosures' (effective 1 July 2014)

**Interpretations early adopted by the company**

The company has not adopted any standards or interpretations early in the current year.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company**

- IFRS 9, 'Financial Instruments' (effective 1 January 2018)  
*A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:*
  - IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
  - The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.
  - IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
  - IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.
- Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016)  
*Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.*
- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative (effective 1 January 2016)  
*Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.*
- Amendment to IAS 7 – Cash flow statements (effective 1 January 2017)  
*In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.*

None of these standards or interpretations are expected to have a significant financial impact on the company.

	2016	2015
	R'000	R'000

## 2 Investment in associate

The company has a 6.67% interest in MultiChoice South Africa Holdings Proprietary Limited, a company incorporated and with its principal place of business in South Africa. This is an unlisted investment.

### Movement in carrying amount

At the beginning of the year	1 511 338	1 486 092
Share of net profit	400 023	375 936
Share of changes in other reserves	9 049	15 977
Dividends received	(413 334)	(366 667)
At the end of the year	<u>1 507 076</u>	<u>1 511 338</u>

### Analysis of carrying amount

Cost	1 125 000	1 125 000
Share of post-acquisition reserves	<u>382 076</u>	<u>386 338</u>
	<u>1 507 076</u>	<u>1 511 338</u>

The cost of the investment in associate includes goodwill of R1.0 billion.

Although the company holds less than 20% of the equity shares in MultiChoice South Africa Holdings Proprietary Limited, it exercises significant influence by virtue of its contractual right to appoint directors to the board of directors of that company and has the power to participate in the financial and operating policy decisions of MultiChoice South Africa Holdings Proprietary Limited.

There has been no objective evidence of impairment of the associate in the current or prior years.

### Summarised financial information of unlisted associate as per its annual financial statements

Non-current assets	12 787 990	12 359 673
Current assets	10 674 900	8 628 579
Assets of disposal group classified as held for sale	139 624	108 662
<b>Total assets</b>	<b>23 602 514</b>	<b>21 096 914</b>
Non-current liabilities	5 616 303	4 612 964
Current liabilities	9 689 145	8 121 689
Liabilities of disposal group classified as held for sale	14 627	15 901
<b>Total liabilities</b>	<b>15 320 075</b>	<b>12 750 554</b>
Revenue	35 703 691	31 580 077
Net profit	6 004 877	5 639 035
Other comprehensive income	115 712	194 907
Total comprehensive income	6 120 589	5 833 942

As at 31 March 2016 the company's associate had a contingent liability of R340 million (2015: nil) as an estimate of potential liabilities.

	2016 R'000	2015 R'000
<b>3 Share capital and premium</b>		
<b>Authorised</b>		
90 000 000 ordinary shares of R0.0000001 each	*	*
<b>Issued (and fully paid up)</b>		
22 500 000 ordinary shares of R0.0000001 each	*	*
Share premium	225 000	225 000
	<u>225 000</u>	<u>225 000</u>

\* Amount less than R1 000.

#### Capital management

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders.

#### 4 Long-term liabilities

Variable rate, cumulative redeemable preference shares with issue price of R10 each	68	68
Current portion of long-term liabilities	-	-
	<u>68</u>	<u>68</u>
At 31 March 6,751 (2015: 6,751) preference shares were in issue.		
Preference share liability reconciliation		
Opening balance at 01 April	68	144 851
Interest on preference share liability - note 6	-	4 436
Repayment	-	(149 219)
Closing balance at 31 March	<u>68</u>	<u>68</u>

In accordance with the Preference Share Subscription Agreement, these preference shares bore interest at 75% of the prime rate, compounded monthly, until such a time that the preference shares remaining are less than or equal to the Preference Threshold, which was reached at 3 September 2014. Once the threshold has been met the preference shares do not bear interest. Further to this, the term of the remaining preference shares was extended at the discretion of the preference shareholders. These preference shares are held by MIH Holdings Proprietary Limited. The carrying amount at amortised cost approximates the fair value of these instruments.

	2016 R'000	2015 R'000
<b>5 Other payables</b>		
STT and VAT	38	162
Accrued expenses	-	390
Ordinary shareholders for dividends (refer to note 12)	5 071	2 452
Amounts owing to investors (refer to note 12)	3 330	2 462
Related party payables	3 548	3 245
Other payables	928	339
	<u>12 915</u>	<u>9 050</u>
<b>6 Finance costs - net</b>		
Interest on preference shares	-	4 436
Interest received - bank	-	(912)
Finance costs - net	<u>-</u>	<u>3 524</u>
<b>7 Operating expenses</b>		
The following items have been charged in arriving at operating profit:		
Audit fees	86	83
	<u>86</u>	<u>83</u>
<b>8 Taxation</b>		
South African normal taxation- current year	-	232
	<u>-</u>	<u>232</u>
<b>Tax rate reconciliation</b>		
Statutory tax rate	28.0%	28.0%
Non-taxable income	-28.0%	-28.3%
Non-deductible expenditure	0.0%	0.4%
Effective tax rate	<u>0.0%</u>	<u>0.1%</u>

	2016 R'000	2015 R'000
<b>9 Cash generated from operations</b>		
<b>Profit before taxation</b>	399 937	372 329
Adjusted for:		
Share of net profit of associate	(400 023)	(375 936)
Finance costs	-	4 436
Interest received - bank	-	(912)
	<u>(86)</u>	<u>(83)</u>
<b>Changes in working capital:</b>		
Trade and other receivables	(798)	375
Payables	1 246	(6 674)
	<u>362</u>	<u>(6 382)</u>

**10 Related parties**

Associate - MultiChoice South Africa Holdings Proprietary Limited - refer to note 2  
Subsidiary of associate - MultiChoice South Africa Proprietary Limited

**Amounts due to related parties: Current**

MultiChoice South Africa Proprietary Limited	3 548	3 245
	<u>3 548</u>	<u>3 245</u>

Consulting fees paid by other related parties to Goldhawk Corporate Advisory amounted to R365 370 (2015: R27 788).  
Goldhawk Corporate Advisory is a company owned by PO Goldhawk.

The directors of Phuthuma Nathi Investments 2 (RF) Limited had the following interests in Phuthuma Nathi Investments 2 (RF) Limited ordinary shares as at 31 March:

Name	2016 Number of shares held	2015 Number of shares held
CP Mack	134 276	134 276
M Langa *	118	-
	<u>134 394</u>	<u>134 276</u>

\* During 2016, M Langa purchased 118 shares at R166 per share.

**11 Financial risk management**

The company's activities expose it to a variety of financial risks, specifically interest rate risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the board of directors.

**Foreign exchange and price risk**

The company is not exposed to any significant foreign exchange or price risk.

**11 Financial risk management (continued)****Credit Risk**

The company is exposed to certain concentrations of credit risk relating to its cash. It places its cash mainly with major banking companies and high-quality institutions that have high credit ratings. The counterparties that are used by the company are evaluated on a continuous basis. At 31 March 2016, the maximum amount of credit risk that the company is exposed to is as follows:

	2016 R'000	2015 R'000
Cash and cash equivalents	12 160	9 179

**Interest rate risk**

The company's interest rate risk arises from its long-term borrowings issued at a variable interest rate. Based on simulations performed, the impact on profit or loss of a 100 basis-point increase in the prime interest rate would be Rnil (2015: R0.5m).

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the articles of association of the company, no limitation is placed on its borrowing capacity. The following table details the company's remaining contractual maturity for its financial liabilities. The table is based on undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount R'000	Contractual cash flows R'000	0-12 months R'000	1-5 years R'000
<b>2016</b>				
Cumulative redeemable preference shares	68	-	-	-
Other payables	928	928	928	-
Related party payables	3 548	3 548	3 548	-
Ordinary shareholders for dividends	5 071	5 071	5 071	-
Amounts owing to investors	3 330	3 330	3 330	-
	<u>12 945</u>	<u>12 877</u>	<u>12 877</u>	<u>-</u>
<b>2015</b>				
Cumulative redeemable preference shares	68	-	-	-
Other payables	729	729	729	-
Related party payables	3 245	3 245	3 245	-
Ordinary shareholders for dividends	2 452	2 452	2 452	-
Amounts owing to investors	2 462	2 462	2 462	-
	<u>8 956</u>	<u>8 888</u>	<u>8 888</u>	<u>-</u>

**11 Financial risk management (continued)**

Fair value of financial instruments	Carrying amount R'000	Fair value R'000	Interest income / (expense) R'000
<b>2016</b>			
<b>Assets</b>			
<b>Loans and receivables</b>			
Other receivables	969	969	-
Cash and cash equivalents	12 160	12 160	-
	<u>13 129</u>	<u>13 129</u>	-
Non-financial assets	1 508 039		
Total assets	<u><u>1 521 168</u></u>		
<b>Liabilities</b>			
<b>Financial liabilities at amortized cost</b>			
Cumulative redeemable preference shares	68	68	-
Other payables	928	928	-
Related party payables	3 548	3 548	-
Ordinary shareholders for dividends	5 071	5 071	-
Amounts owing to investors	3 330	3 330	-
	<u>12 945</u>	<u>12 945</u>	-
Non-financial liabilities	38		
Total liabilities	<u><u>12 983</u></u>		
<b>2015</b>			
<b>Assets</b>			
<b>Loans and receivables</b>			
Other receivables	297	297	-
Cash and cash equivalents	9 179	9 179	912
	<u>9 476</u>	<u>9 476</u>	912
Non-financial assets	1 512 175		
Total assets	<u><u>1 521 651</u></u>		
<b>Liabilities</b>			
<b>Financial liabilities at amortized cost</b>			
Cumulative redeemable preference shares	68	68	(4 436)
Other payables	729	729	-
Related party payables	3 245	3 245	-
Ordinary shareholders for dividends	2 452	2 452	-
Amounts owing to investors	2 462	2 462	-
	<u>8 956</u>	<u>8 956</u>	(4 436)
Non-financial liabilities	162		
Total liabilities	<u><u>9 118</u></u>		

The carrying amount of all financial instruments approximate their fair values.



	2016 R'000	2015 R'000
<b>12 Cash and cash equivalents</b>		
Cash and cash equivalents	<u>12 160</u>	<u>9 179</u>

Cash and cash equivalents includes cash of R3.3 million (2015: R2.5 million) which relates to cash held on behalf of investors.

Cash and cash equivalents includes cash of R5.1 million (2015: R2.5 million) which relates to unclaimed dividends due to ordinary shareholders.

### 13 Dividends per share

During the year dividend of 1 837.04 cents per ordinary share was declared (2015: 165.93 per ordinary share and per preference share). No special dividend was declared during the year (2015: 801.29 cents per ordinary).

During the year dividends to the value of R410.7 million was paid in cash while the remaining balance of R2.6 million was unclaimed and not paid over to shareholders in cash (Refer to note 5).

### 14 Subsequent events

No events have occurred subsequent to 31 March 2016 and up to the date of signing these financial statements that have required the company to disclose or adjust the results presented in these annual financial statements.